Acquisition Reform **** Update ****

April 1995 Volume 2 Number 3

The Federal Acquisition Streamlining Act of 1994 (FAStA)

OSD offers satellite broadcast training

preparation for implementation of Federal Acquisition ation (FAR) rule changes, the Department of Defense will ering a live satellite broadcast on 24 May 1995. The ast is the first in a series and deals with FAStA Interim mplementation.

broadcast will be divided into two segments. The first nt (broadcast 1000-1400 EST) will be a briefing covering final Small Business Rule, (2) the Interim Simplified sition Threshold/FACNET rules, and (3) Electronic erce/Electronic Data Interchange rules. The briefing will e background for the new rules, discuss the changes made FAR, and present the important points participants should e to identify in order to begin operating under the new The second segment (broadcast 1500-1700 EST) will be tion and answer period on the topics covered in the first nt. Over the telephone, participants will be given the unity to ask questions of the teams who drafted the rules.

Office of Civilian Personnel Management, Eastern n, will be coordinating and disseminating information on e broadcast facilities available in the various geographic ia the local HRO Training

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intended audience for this broadcast is expected to be, but not limited to, contracting officers, contract specialis purchasing agents, and their customers. Industry counte are encouraged to attend. The DoD Acquisition Reform Communications Center will distribute student materials directly to Navy major commands.

Following the training session, videos will be made ava to major commands for additional training. Point of co is Alex Dean, (703) 602-2849, or Robert Morris (703) 607-0713.

NAVSUP implements micro-purchas for the Navy

The Federal Acquisition Streamlining Act of 1994 (FAStA) established a category of procurements valued $2,500 or less called micro-purchases and simplified the process of awarding them. Micro-purchases, while subje mandatory sources, are exempt from the Buy American the Small Business Act and the requirement of competit

The FAStA also provides that technical personnel, possessing only micro-purchase contracting authority a whose procurement totals do not exceed $20,000 in any 12-month period, can purchase their own requirements without being considered procurement officials.

Micro-purchases can be awarded using any small purc method, provided the individual has fulfilled the training requirements and has been expressly warranted to use th method. Technical personnel are encouraged to use the Government-wide Commercial Purchase Card.

The Naval Supply Systems Command has implemente micro-purchases for the DoN and has distributed the NAVSUPINST 4200.91, which governs the Navy's use c purchase card. This instruction establishes the minimun requirements for training, obtaining contracting authori

; up a local purchase card program. It also provides a e of local operating procedures that emphasizes quality nce.

concept of technical personnel awarding micro-purchases ıe purchase card will challenge the acquisition community :e a paradigm shift. The purchase card, coupled with a quality assurance program, equates to a reform initiative timately gives the requisitioner control over his/her ement destiny and the government savings over the onal paper-based award methods.

for additional information is Robert Morris, 607-0713, RT_MORRIS_AT_NAVSUP4 HFMCCM.NAVY.MIL

DUSD(AR) charters communications team to assist AR

month the Acquisition Reform Communications Center C), chartered through DUSD(AR) and working out of the se Acquisition University (DAU), joined the Acquisition n team. Creation of the ARCC was the recommendation DUSD(AR) Communications Strategy Working Group, included representatives from the Services, Federal sition Institute, Defense Logistics Agency (DLA), Defense ıs Management College (DSMC) and DAU.

mission of the ARCC is to provide and communicate ıation on how DoD is changing the way we, the nment, acquire goods and services. The key element of RCC is to provide acquisition reform information that is , accurate, consistent, relevant and understandable.

ARCC is a central repository for information on ition reform. Under DAU, it will develop training es and materials on the latest policies and procedures for oration into Service roadshows. The ARCC will take the urrent Acquisition Reform information developed on, for le, the Federal Acquisition Streamlining Act (FAStA) and onic Commerce/Electronic Data Exchange (EC/EDI), and training modules for Service and Agency use. It will also e a single point of reference across DoD to find ıation on Acquisition Reform.

ARCC is looking at a variety of multimedia avenues to e Acquisition Reform information and get it out to the ition community and/or the interested public. The Navy or additional information is Alex Dean, (703) 602-2849, AN-ALEX@HQ.SECNAV.NAVY.MIL

Navy works cycle time initiatives

Cycle time reduction is widely recognized as a key ıt in any process improvement program. Past experience ernment and industry indicates there is a direct ıtion between aggressive cycle time reductions and cant cost reductions, as well as increases in product . The Secretary of Defense's memo of September 14, challenges Defense Agencies to establish performance agreements that will reduce cycle times by at least 50 pe by the year 2000.

The Navy Cycle Time Task Group has targeted five processes with high potential payoffs: Pre-Milestone I activities, Test and Evaluation for Commercial Off-the-Shelf/Non Developmental Items, Aviation Depot Maintenance Cycle, Fleet Modernization Program, and Average Customer Wait Time. For each of these process members of the Task Group are designing potential approaches, determining metrics, and managing implementation. Early observations and thoughts were briefed to the NARSOC on April 6.

To assist in Cycle Time Reduction, the Acquisition Re Office has drafted guidelines which include a general discussion of cycle time reduction, sections on process n and measurements, and characteristics of both good and ineffective processes. The guidelines map out the follo basic cycle time reduction process sequence:

1. TOP MANAGEMENT COMMITMENT. At the begin the improvement steps, senior management (including tl major stakeholders) should buy into the goal and suppo team responsible for implementing the results. Many processes span several organizations and have more thar "process owner." When this occurs, any resultant conflic should be resolved by senior managers acting in a "proc coordinating team" capability. Funds, people, facilities a perhaps policies and regulations should be reviewed and modified. Changes require top management understand cooperation and final approval.

2. DETERMINE INPUTS, OUTPUTS, STAKEHOLDERS OWNERS. Process analysis starts by determining the inp outputs, stakeholders and owner(s). Interfaces and dependencies between the process and the rest of the sys should be described and documented for later evaluatio

3. FORM A TEAM. Form an action process team (or something equivalent) to do the evaluation and, if necess to redesign the process to reduce its cycle time. The tea should contain the right members from the viewpoint of expertise, authority, ownership, process implementation knowledge of customer use.

4. DETERMINE GOALS, SCHEDULE, ROLES AND RESPONSIBILITIES of the team and get approval from management. A charter, preferably written by the team, often the best. TQL has specific guidelines for setting u running process action teams.

5. DEVELOP TEAM CONSENSUS ON NEEDS AND OBJECTIVES. Early on, the team leader should work w team to develop consensus on the need and specific obje for process reengineering. It is important that all team members participate equally in this effort. The team lea acts as a facilitator, a leader and interfaces with senior management for critical issues.

6. IDENTIFY CUSTOMER ISSUES, CONCERNS, AND QUALITY AND TIME NEEDS. Make sure that the proce providing the right output to the customer or is helping customer solve their problems. The current commercial industry emphasis on product features tailored to the

lual customer should be considered. Determine special ıer requirements.

VELOP A PROCESS MODEL. Identify process output roughput requirements. Develop or review supplier cations and delivery schedules to clarify input ements. Where other processes feed into or impact this s, this procedure may have to be applied to these as well. sible, develop a process model to identify process teristics such as activities, flow paths, inputs, wait times, ory buildup, quality checks, cost and time required hout the system. This may be done on a computer or on The team should develop the model and get agreement relevant parties.

VELOP METRICS. Identify current metrics for the s, reviewing the value of specific measures and ining if they measure the right things to ensure customer ction and the shortest cycle time possible.

ENTIFY AND RESPOND TO BOTTLENECKS. Many ses have activities that are dependent upon previous ies, and each one has some statistical variation. This in bottlenecks that prevent continuous throughput, y causing process delays and an "inventory" buildup of ver flows through the process. Every segment of the s can be evaluated in terms of the time it takes, how much s, and (most importantly) the value it adds. "Non-value," ntly referred to as waste, is anything in the process that ot contribute to the customer's satisfaction. Everything ther directly contributes to customer satisfaction or is a ary supporting function or subprocess. One metric that e useful is the ratio of non-value-added time to the total cycle time) of the process. This ratio may be as high as cent if the process has not been reengineered for ım performance.

e a bottleneck or constraint has been identified, steps can en to relieve it. However, be aware of the possibility of dent problems appearing elsewhere in the process which lso be analyzed and corrected. It is sometimes necessary valuate fundamental assumptions to understand why the s is so slow. For example, when process activities are zed, each worker or activity is operating to satisfy its liate needs and measures, thereby probably reducing the l process efficiency and effectiveness.

URSUE PROCESS IMPROVEMENT. Process cation is not a quick fix. The reengineering part, where changes in structure, activities, flows and metrics are can take a long time. The process changes, metrics, and s learned should be documented carefully to provide a mark reference to be used later, perhaps by other related ses seeking improvements.

IVESTIGATE DYNAMIC BEHAVIORS. As changes are measures must be watched carefully to assure the process es as expected. The dynamic behavior of complex ses is often [--- Unable To Translate Graphic ---] lt to anticipate. This is where a dynamic process model, n be developed, is useful as a learning, prediction and ion tool. What the process action team thinks is ning in the activities of a modified process may not be s really occurring. For instance, a culture change in the s workers attitudes and behavior may be needed to reduce cycle time. If the worker's in the process are members c process action team, then this problem is minimized. Otherwise, very good communication and careful observ is essential.

12. MONITOR PROCESS. The process should be mon for a relatively long time to ensure it has settled down ar meets the desired objectives. After the initial cycle time reduction, a continuous performance improvement effo consistent with total quality leadership principles should undertaken.

A full copy of these draft guidelines is available throu Acquisition Reform Office. POC is Carol Morris at (703)602-2850, MORRIS-CAROL@HQ.SECNAV.NAVY.MIL

SPECS & STANDARDS

Straight-Talk from the DEPS

The Defense Standards Improvement Council recentl made decisions on dispositioning some of the priority manufacturing and management standards. The list of t standards and a summary of their disposition is in the Be Manufacturing Practices Network Special Interest Group "Specs & Standards Improvements."

The first Program Manager forum on Lessons Learne Specifications and Standards Reform was held on March with presentations by PMO401, PMO402, PMS-422 and DRPM(AAA). The presentations dealt with recent experiences in writing performance-based solicitations a reducing the use of military specifications and standards

The next forum is scheduled for May 16 in NC-3, Roo 3S11. CAPT Joe Heinemann, PMA-248, will discuss the Tactical Combat Target System. CAPT Fred Schobert, PMA-209, will talk about ARC-210 and CAPT Bob Free PMA-258, will talk about SLAM. Contact your Comma Standards Improvement Executive if you are interested i presenting your "success stories" in specs and standards reform at future forums.

Recent DSIC decisions on "cost driver" military docun include:

MIL-STD-202F--Retain as a test method standard unti suitable non-government standard is available for use.

MIL-STD-882C--Retain until a suitable non-governm standard is available for use.

MIL-STD-883D--Retain as a test method standard unt suitable non-government standard is available for use.

MIL-STD-1521--Cancel immediately without replacer

MIL-H-38534B--Convert to a performance specificati July 1995.

MIL-S-19500J--Convert to a performance specificatic September 1995.

Other actions include:

MIL-STD-1345--Canceled by NAVSEA-Notice 1 dat March 15, 1995.

MIL-STD-1519--Cancel immediately without replacer

MIL-STD-1547A--Convert to a handbook; but sooner the estimated May 1996 time frame (preferably within a 30-60 day time frame).

MIL-STD-1803--Cancel immediately without replacer

-STD-1840B--Designated an interface standard by DSIC memo dated March 15, 1995.

Lessons learned

)PERATIVE ENGAGEMENT CAPABILITY ;RAM. This effort, sponsored by PEO(TAD), involves a ıg of Johns Hopkins University Applied Physics ıtory, Naval Surface Warfare Center (NSWC) and :ems as the prime contractor. Milspecs in the Statement of have been reduced from 80 to 8; in the system spec, they lropped from 45 to 11. The prime contractor and the ıment are linked electronically in many cases for ntegrated product teams, and--once the contract is in -approximately six NSWC personnel will be located at the ctor's facility full-time in support of the program.

Share your lessons learned!

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